

AR08

129th annual report 1975



**CITY & DISTRICT
SAVINGS BANK**

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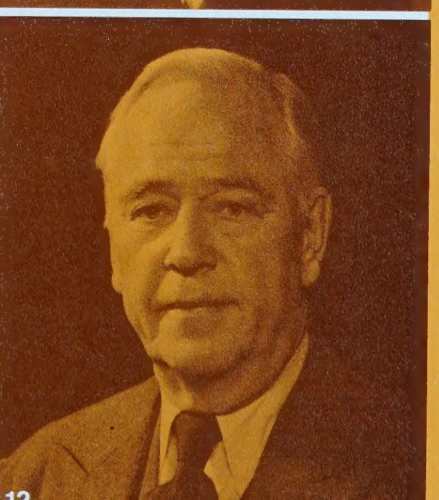
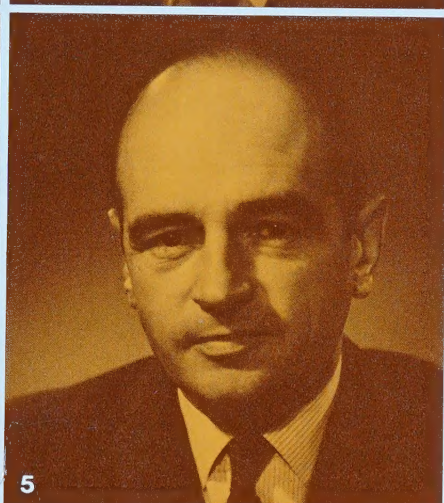
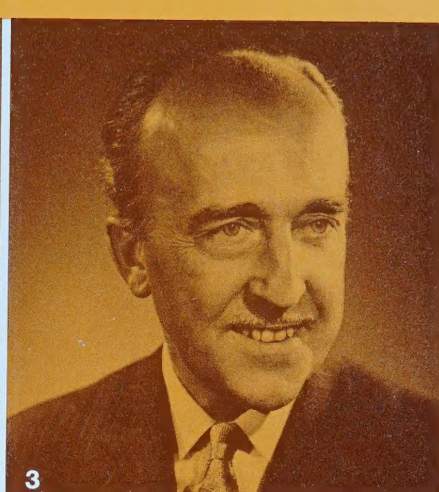
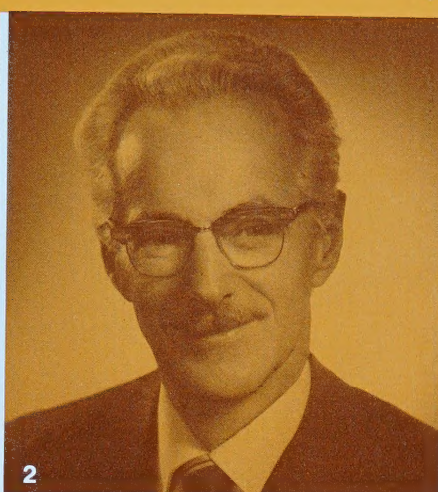
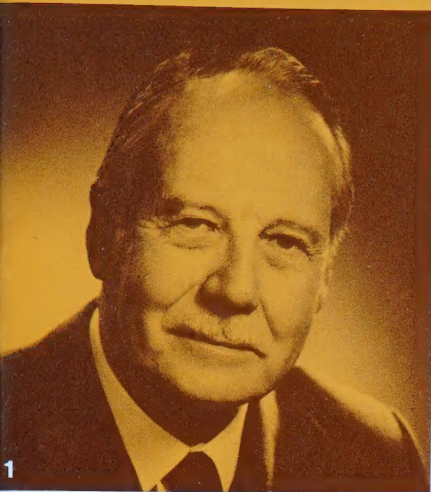
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board of directors

- 1 *E. Donald Gray-Donald
President and Chief Executive Officer
 - 2 *Gilles Charpentier
Vice-President, General Manager and Chief Operating Officer
 - 3 *Marc Jarry
 - 4 C. L. Ogden Glass
 - 5 John G. Bourne
 - 6 *Louis J.-M. Gravel
 - 7 Michael B. Harding
 - 8 Philippe Roberge
 - 9 Donald G. Neelands
 - 10 Jacques R. Nadeau
 - 11 André Marcil
 - 12 Stanley E. Nixon
- *Member of the Executive Committee

executive officers of the bank

- E. Donald Gray-Donald
President and Chief Executive Officer
- Gilles Charpentier
Vice-President, General Manager and Chief Operating Officer
- Austin Kennedy
Assistant General Manager and Secretary
- Lionel Collin
Assistant General Manager
- Gilles Brunel
Assistant General Manager
- Roland Brien
Assistant General Manager
- Jacques Ethier
Assistant General Manager
- Jacques Julien
Assistant General Manager
- René Delisle
Assistant General Manager



highlights

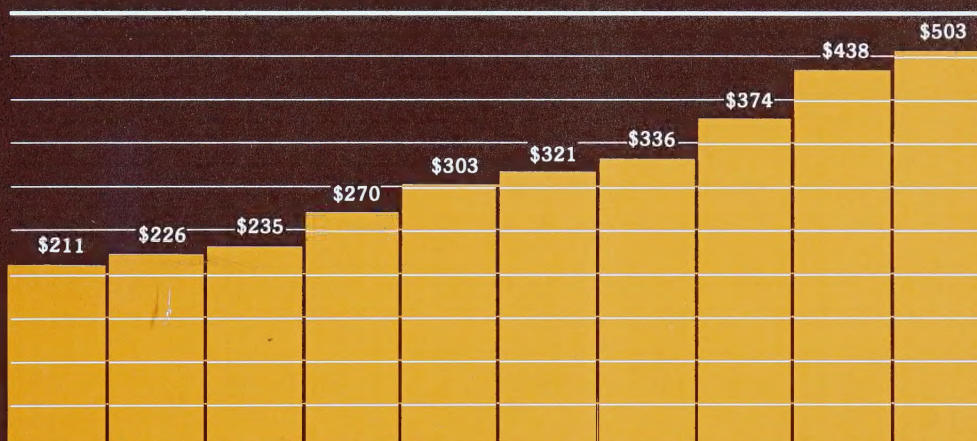
	1975	1974
Total Assets	\$968,627,767	\$873,842,747
Savings Deposits	\$927,222,771	\$835,706,775
Mortgage Loans	\$503,701,323	\$438,144,607
Net Profits	\$ 3,294,665	\$ 3,111,705
Dividends	\$ 1,840,000	\$ 1,840,000
Capital:		
Authorized — 3,000,000 shares of a par value of \$1.00 each:		
\$3,000,000		
Paid up — 2,000,000 shares issued and fully paid	\$ 2,000,000	\$ 2,000,000
Rest Account	\$ 25,500,000	\$ 24,000,000



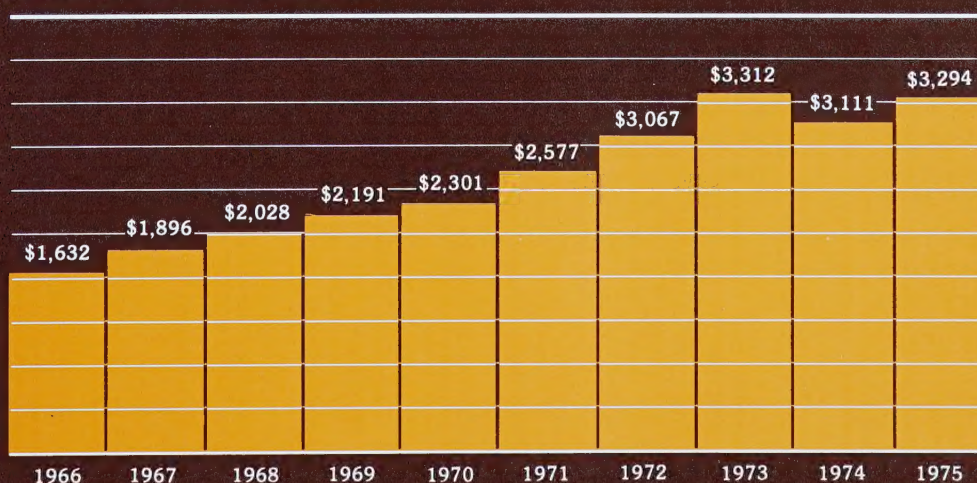
savings deposits, millions of dollars



mortgage loans, millions of dollars



profits, thousands of dollars



address of the president

E. Donald Gray-Donald



I am pleased to report on a year of solid progress. As Mr. Charpentier, Vice-President and General Manager, has given details of the year's operations, I propose now only to mention some highlights of the past twelve months.

Our assets reached an all-time high of over 968 million dollars. Deposits increased by 91 million dollars to \$926,964,000. At our present rate of growth we expect to exceed one billion dollars in assets within the next few months. The number of depositors now exceeds 500,000. Total revenues amounted to \$81 million, and expenses to \$74 million, leaving a balance of revenue of just over \$7 million. After providing for income taxes and appropriations for losses we were able to show a balance of profits of \$3,294,665, an increase of 6% over last year.

The situation regarding our reserves is much improved. Last year, because of the very low bond market, we were obliged to write-down our portfolio against reserves to an amount of \$10 million, but this year we have been able to add to reserves by over \$1 million. In addition we have added \$1,500,000 to our Rest Account, bringing it to \$25.5 million.

On the investment side we have continued with our policy of making mortgage loans, and have this year made loans amounting to \$146 million. Our mortgage portfolio now stands at \$503 million. This is a very safe form of investment, as a large number of these loans are insured, either under the National Housing Act or by a commercial insurer.

You will have noted that 11 new branches were opened during the year, bringing the total to 100 branches. All are successful and have contributed substantially to our increase in deposits.

It is my sad duty to record the death of two of our directors. Mr. Robert R. McLernon had been a member of the Board for 10½ years, and contributed generously from his wide business knowledge. He was always willing to help with any problem and was endowed with exceptionally sound judgment and common sense. Mr. Paul Ouimet, Q.C., had only been on the Board for a few months, but already showed a keen interest in and understanding of the affairs of the Bank. To replace these gentlemen the Board has elected Mr. André Marcil, O.C., and Mr. Stanley E. Nixon. Mr. Marcil has a very thorough knowledge of the mortgage business, and Mr. Nixon is an acknowledged expert in corporation finance. Both will bring additional strength to the Board.

Our wholly-owned subsidiary, The Montreal City and District Trustees Ltd., also had a good year. Under aggressive management it is providing new services and searching out new business. During the year it has opened branches to give full service in Rosemere and in Granby, and has opened sub-offices in the eastern part of Montreal and in Ste-Adèle to handle real estate business. Assets of the company, plus assets under administration, now total \$146 million, an increase of 20.3% for the year.

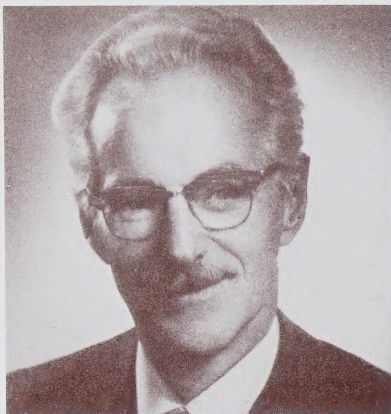
Inflation is the great problem facing our economy. Our governments have established rules by which it is hoped inflation can be curbed. While these rules will cause some hardship, they are not overly stringent, and it is our duty to observe them both in letter and spirit.

An important factor that has contributed to our progress has been the devotion and loyalty of the staff of the Bank at all levels, and I take this opportunity of extending to them our sincere thanks.

There is no doubt that we will have many serious problems and challenges to meet in the coming year, but I have no doubt that we shall do so successfully, and that next year's report will be even better than this one.

remarks of the vice-president and general manager

Gilles Charpentier



The results contained in the 129th Annual Report of our Bank show quite clearly that the last fiscal period was a most satisfactory one and an additional milestone on the path to progress followed by the Bank.

At year's end, total assets amounted to \$968,628,000, an increase of approximately \$94,000,000 with respect to figures for the previous fiscal period. It is no exaggeration to say the Bank can be expected to top the billion-dollar mark very soon. You will, of course, readily understand that I am as happy to announce such an achievement to you as you are to discover it.

Cash on hand, together with the Bank's deposits in other chartered banks, equalled \$110,529,000, or 11.41% of total assets.

The total amount of our investments in Government of Canada, provincial, municipal, school and other bonds stood at \$259,861,000, an increase of some \$11,500,000 over the previous figure of \$248,366,000.

Liquid assets, which comprise the above-mentioned items, represented nearly 38% of total assets.

As the Report reveals, the amount of loans granted was \$577,535,000 at year's end, nearly 60% of the total of the Bank. The most remarkable increase was in mortgage loans that went from \$438,144,000 to \$503,701,000, an indication that demand remained quite firm in our sector of operations despite a certain weakening in the country as a whole.

Other loans showed an increase of 35% and stood at approximately \$74,000,000.

It must be pointed out that our experience with loans of all sorts has been most satisfactory. Losses were minimal, and on a percentage basis, compared favorably to those incurred by other credit institutions.

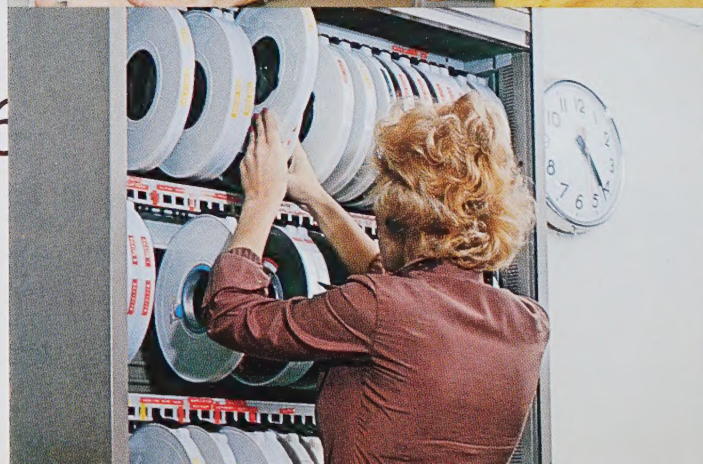
Savings deposits reached a new high at \$926,964,000, an increase of \$91,459,000 over the figure for the previous period. It is a pleasure to note that deposits grew at the same rate as formerly in spite of keener competition between banks and near-banks to attract the public's savings.

Income accruing from interest on loans and our portfolio of securities, together with revenue from other sources, amounted to \$81,530,560, an increase of 12.98% with respect to the figure for the previous period. Such revenue, which was greatly influenced by the higher interest rates applicable to mortgage loans and a larger volume of business in general, must be viewed in conjunction with the cost of total deposits, salaries and other benefits paid to employees, costs relating to capital expenditures and all other operating expenses, to arrive at a balance of \$7,035,089 as at October 31, 1975, an increase of 14.0% with respect to the figure for the corresponding period last year.



remarks of the vice-president and general manager

Gilles Charpentier



Of the aforementioned balance of profits, after providing \$2,871,424 for income taxes, and after the transfer of \$869,000 to Contingency Reserves, there remained \$3,294,665 in net profits, or \$1.65 per share compared with \$1.56 last year.

After providing for \$1,840,000 in dividends, there remained an amount of \$1,454,665 which, added to the balance of undivided profits at the beginning of the period, gave a total of \$1,556,129, of which \$1,500,000 was transferred to the Rest Account, leaving a balance of Undivided Profits of \$56,129.

Liabilities to shareholders stood at \$27,556,129.

In its initial phase, the use of a computer has made it possible to stabilize operating costs and to improve existing systems. In the second phase, which has already begun in the case of mortgage loans, the computer will become a management tool, as it will help in decision-making and will free personnel so that more time can be devoted to the Bank's clients.

A basic market survey was begun in 1975 to guide our marketing policies. Thanks to a better knowledge of the market and the nature of the services it requires, the Bank will be better able, in years to come, to meet consumer demands adequately. It can be said already that certain information gathered through this basic survey has made it possible to develop an advertising and promotional campaign that is producing tangible results.

The training and the promotion of the general education of the Bank's personnel are among our chief concerns and have become still more imperative because of the broad programme of expansion undertaken last year and which is to be pursued in years to come. Our training programmes are aimed at the formation of a first-class team which will enable the City and District Savings Bank to remain in the vanguard of progress. Hence, it is a pleasure for me to pay homage to the devoted and loyal services of our staff and reiterate that, in large measure, the success and the progress of the Bank are due to each and every member of the staff.

departments and branches

District Managers

Gilles Beausoleil
Yvon Labrecque
Marcel Lauzon
Gilles Lavigne

Chief Accountant

Jacques Parent

Departments

Accounting
Advertising
Clearing
Foreign Exchange
Informatic
Inspection
Internal Auditing
Investments
Marketing
Methods and Procedures
Mortgage Loans
Personal Loans
Personnel
Premises
Research and Cost of Revenue

Managers

Michel Archambault
Jacques Bourgeois
Laurent Parisien
Roger Cormier
Jean-Guy Calvé
Marcel Turmel
Robert Bourget
Claude Jodoin
André Danis
Guy Labelle
René Monté
Robert Larocque
Jean Dubois
Georges Dorion
Yves Desrochers

Branches

Montreal

400 Beaubien Street East
3160 Beaubien Street East
4945 Beaubien Street East
6593 Beaubien Street East
1101 Bélanger Street East
4155 Bélanger Street East
290 Chabanel Street West
1100 Condé Street
5199 Côte des Neiges Road
5990 Côte des Neiges Road
3830 Dandurand Street
6225 Darlington Avenue
5159 Décarie Blvd.
6290 Décarie Blvd.
1493 De LaSalle Avenue
6500 De Lorimier Avenue
2490 De Salaberry Street
5180 De Salaberry Street
885 Fleury Street East
1780 Fleury Street East
2200 Fleury Street East
50 Henri Bourassa Blvd. West
8595 Hochelaga Street
790 Jarry Street West
10 Jean-Talon Street East
2490 Jean-Talon Street East
555 Jean-Talon Street West
9095 Lajeunesse Street
2937 Masson Street
6270 Monk Blvd.
5487 Monkland Avenue
1100 Mount Royal Avenue East
2046 Mount Royal Avenue East
1420 Notre-Dame Street West
1551 Ontario Street East
3720 Ontario Street East
7705 Papineau Avenue
5059 Park Avenue
5677 Park Avenue

Managers

Robert Brossard
Lucien Deslauriers
Claude Piché
Claude Parent
Robert Desharnais
Marcel Collette
Aimé Jolicoeur
André Julien
Michel Jutras
Jean-Paul Fluét
Lionel Lefrançois
Aimé Cuillerier
Jean Lapostolle
Yvon Couture
Henri Persico
Pierre Leblanc
Guy Pelletier
Robert Marois
Roger Bourgon
Jean-Pierre Barcelo
Jean-Paul Bolduc
François Daoust
Roger Graillon
Bernard Benoit
Paul Lalonde
Fabien Brin
Berthold Bednarchuk
André Gagnon
Lucien Lachance
Jean-Claude De Grasse
Normand Landry
Camille Cartier
Jean-Guy St-Onge
Charles Bilodeau
Roger Marcoux
Yvon Choquet
Paulin Lemire
Lionel Pesant
Roméo Gauthier

936 St. Catherine Street East
2400 St. Catherine Street East
3290 St. Catherine Street East
777 St. Catherine Street West
1220 St. Catherine Street West
1472 St. Catherine Street West
4190 St. Denis Street
5000 St. Denis Street
7501 St. Denis Street
8090 St. Denis Street
262 St. James Street West
2401 St. James Street West
4080 St. James Street West
3730 St. Lawrence Blvd.
4467 St. Lawrence Blvd.
6700 St. Lawrence Blvd.
7192 St. Michel Blvd.
8930 St. Michel Blvd.
801 Sherbrooke Street East
6615 Sherbrooke Street East
245 Sherbrooke Street West
5651 Sherbrooke Street West
6260 Sherbrooke Street West
7420 Sherbrooke Street West
6640 Somerled Avenue
4790 Van Horne Avenue

Victor Paquette
Louis-Philippe Lessard
André Allaire
Jean Bazinet
Giles Bolduc
Claude Poisson
Germain Désilets
Jean-Guy Poulin
Georges Courmoyer
Gilles Madore
René Roger
Robert Poirier
Michel Blain
Roland Lamontagne
Claude Gauthier
Raymond Coderre
Roma Thifault
Maurice Renaud
André Ladouceur
Denis Lavigne
Raymond Larivée
Patrick Farmer
Ernest Levesque
Jean-Marie Benson
Rolland Désormeaux
Jean Loiselle

Opposite page, top:

Our 100th branch, corner of Dandurand Street and Bourbonnière Avenue.

Bottom:

The Jarry and Neuville Street branch, Anjou.



departments and branches



Jean-Talon & St-Laurent



15e rue & Molière, Laval des Rapides



Jarry & Outremont



St-Jean-Baptiste & Anjou, Châteauguay-Centre



de Salaberry & Saint-Evariste



5199 chemin Côte des Neiges Road



Anjou

7050 Jarry Street East
6651 Joseph-Renaud Blvd.

Serge Létoumeau
François Bernard

Châteauguay

111 St. Jean-Baptiste Blvd.

André Letarte

Côte St. Luc

5501 Cavendish Blvd.
5479 Westminster Avenue

Julien Levasseur
Lucien St-Pierre

Dorval

325 Dorval Avenue

Morgan McCarthy

Fabreville

3387 Dagenais Blvd.

André Laurin

Granby

243 rue Principale

Gilles Faucher

LaSalle

8787 Newman Blvd.

Joseph Denino

Laval

265-15th Street, Laval des Rapides
510 des Laurentides Blvd.
750 Montrose Street
3870 Notre-Dame Blvd.
4640 Samson Blvd.
1995 St. Martin Blvd.

Richard Rousseau
Jean Lefebvre
Serge Joly
Jean-Paul Trépanier
Guy Lorrain
Jean St-Pierre

Longueuil

2836 Chemin Chambly
4 St. Charles Street East
670 Curé Poirier Blvd. West

André Dulac
Jean Mercure
Maurice Tremblay

Montreal North

4135 Amiens Street
5501 Henri Bourassa Blvd. East
6263 Maurice-Duplessis Blvd.

René Laverdière
Normand Lemieux
Donald Ruel

Outremont

1447 Van Horne Avenue

Richard Turcotte

Pointe-aux-Trembles

12050 Sherbrooke Street East

Réal Poulin

Repentigny

150 Iberville Blvd.

Jean-Guy Roy

Roxboro

10451 Gouin Blvd. West

Maurice Tourangeau

St. Lambert

400 Victoria Avenue

Oswald Ashton

St. Laurent

865 Décarie Blvd.
445 Laurentian Blvd.
1430 Poirier Street

Gilles Bellemare
Paul Portugais
Gérard Lapointe

St. Léonard

5900 Bélanger Street East
4725 Jarry Street East
5355 Jean-Talon Street East
8410 Langelier Blvd.

Gérald Charest
Raymond Hébert
Roger Majeau
Normand Audet

Verdun

5501 Verdun Avenue
4214 Wellington Street

Claude Desmarais
Réal Toupin

Westmount

4848 Sherbrooke Street West

Angus Goodfellow

Foreign Agents**Belgium**

Société Générale de Banque S.A.

England

Bank of Montreal

France

Crédit Lyonnais
Royal Bank

Germany

Deutsche Bank A.G.

Greece

National Bank of Greece, S.A.

Israel

Bank Leumi Le Israel B.M.

Italy

Banca Nazionale del Lavoro
Banco di Napoli
Credito Italiano

Portugal

Banco Portugues do Atlantico
Banco Totta & Açores

United States

Bank of Montreal
Chase Manhattan Bank
First National City Bank
Bankers Trust Company

Spain

Banco Hispano Americano
Banco Español de Credito

Switzerland

Union Bank of Switzerland

statement of assets and liabilities

as at October 31, 1975

Assets	1975	1974
Cash resources		
Cash and due from banks	\$ 78,648,079	\$ 86,127,579
Cheques and other items in transit, net	31,881,159	25,949,294
Total cash resources	110,529,238	112,076,873
Securities		
Securities issued or guaranteed by Canada, at amortized value	26,141,696	24,980,145
Securities issued or guaranteed by a province, at amortized value	92,595,483	82,864,204
Other securities, not exceeding market value	141,124,305	140,522,067
Total securities	259,861,484	248,366,416
Loans		
Mortgages, less provision for losses	503,701,323	438,144,607
Other loans, less provision for losses	73,833,663	54,604,196
Total loans	577,534,986	492,748,803
Bank premises at cost, less amounts written off	17,786,167	18,483,552
Other assets	2,915,892	2,167,103
	<u>\$968,627,767</u>	<u>\$873,842,747</u>

Liabilities

	1975	1974
Deposits by Canada, in Canadian currency	\$ 607,390	\$ 1,159,842
Other deposits in Canadian currency	926,964,398	835,505,403
Deposits in currencies other than Canadian	258,373	201,372
Total deposits	927,830,161	836,866,617
Other liabilities	5,972,463	4,937,457
Accumulated appropriations for losses	7,269,014	5,937,209

Shareholders' Equity

Capital Stock:		
Authorized — 3,000,000 shares of a par value of \$1.00 each: \$3,000,000.—		
Paid up — 2,000,000 shares issued and fully paid	2,000,000	2,000,000
Rest account	25,500,000	24,000,000
Undivided profits	56,129	101,464
Total shareholders' equity	27,556,129	26,101,464
	\$968,627,767	\$873,842,747

E. Donald Gray-Donald
President

Gilles Charpentier
Vice-President and
General Manager

Auditors' report to the Shareholders

We have examined the statement of assets and liabilities of The Montreal City and District Savings Bank as at October 31, 1975 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the financial year ended on that date. We have compared them with the books and accounts at Head Office and with the certified returns from the branches. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1975 and its revenue, expenses, undivided profits, accumulated appropriations for losses and its rest account for the financial year ended on that date.

Auditors:
WILLIAM A. SHANNON, C.A.
MARCEL HURTUBISE, C.A. of Maheu,
Noël, Anderson, Valiquette & Associés
Montreal, November 18, 1975

statement of revenue, expenses and undivided profits

for the financial year ended
October 31, 1975

	1975	1974
REVENUE		
Income from loans	\$ 51,326,671	\$ 43,021,407
Income from securities	20,482,069	20,009,516
Other operating revenue	9,721,829	9,132,048
Total revenue	81,530,569	72,162,971
EXPENSES		
Interest on deposits	52,475,324	46,037,572
Salaries, pension contributions and other staff benefits	13,108,891	11,684,133
Property expenses, including depreciation	3,619,779	3,593,643
Other operating expenses, including provision for losses on loans based on five-year average loss experience	5,291,486	4,725,615
Total expenses	74,495,480	66,040,963
Balance of revenue	7,035,089	6,122,008
Provision for income taxes relating thereto (See note)	2,871,424	1,991,505
Balance of profits after income taxes	4,163,665	4,130,503
Appropriation for losses	869,000	1,018,798
Balance of profits for the year	3,294,665	3,111,705
Dividends	1,840,000	1,840,000
Amount carried forward	1,454,665	1,271,705
UNDIVIDED PROFITS		
Balance at beginning of year	101,464	329,759
	1,556,129	1,601,464
Transferred to Rest account	1,500,000	1,500,000
Balance at end of year	\$ 56,129	\$ 101,464

NOTE

The provision for income taxes for the year is included in the financial statements as follows:

	1975	1974
Statement of revenue, expenses and undivided profits	\$2,871,424	\$1,991,505
Statement of accumulated appropriations for losses	610,945	40,485
Total provision for income taxes	\$3,482,369	\$2,031,990

statement of accumulated appropriations for losses

for the financial year ended
October 31, 1975

	1975	1974
Accumulated appropriations at beginning of year:		
General	\$ 17,700	\$ 6,803,896
Tax-paid	5,919,509	8,927,487
	5,937,209	15,731,383
Add:		
Appropriation from current year's operations	869,000	1,018,798
Profits and losses on securities, including provisions to reduce securities other than those of Canada and a province to values not exceeding market	1,206,750	(10,951,302)
	8,012,959	5,798,879
Deduct:		
Loss experience on loans less provision included in other operating expenses	84,311	123,909
Other profits, losses and non-recurring items, net	48,689	(302,724)
Provision for income taxes, including credit of \$ nil relating to appropriation from current year's operations (See note)	610,945	40,485
	743,945	(138,330)
Accumulated appropriations at end of year:	7,269,014	5,937,209
General	385,363	17,700
Tax-paid	6,883,651	5,919,509
	\$ 7,269,014	\$ 5,937,209

statement of rest account

Balance at beginning of year	\$ 24,000,000	\$ 22,500,000
Transferred from undivided profits	1,500,000	1,500,000
Balance at end of year	\$ 25,500,000	\$ 24,000,000

proceedings of the annual general meeting

The One Hundred and Twenty-ninth Annual General Meeting of the Shareholders was held at the Head Office of the Bank on Wednesday, December 10, 1975, at noon.

On motion by Mr. Jacques R. Nadeau, seconded by Mr. Donald G. Neelands, Mr. E. Donald Gray-Donald took the Chair.

The President appointed Mr. Austin Kennedy to act as Secretary of the Meeting and asked Messrs. Léo Scharry and Luc Favreau to act as Scrutineers.

The notice calling the Meeting having been read by the Secretary and found satisfactory, the President declared the Meeting regularly called and held.

On motion by Mr. André Marcil, seconded by Mr. Stanley E. Nixon, the minutes of the last Annual General Meeting of Shareholders were taken as read and unanimously confirmed.

The report of the Board of Directors was read by the President, and the Secretary then read the Auditors' report.

The scrutineers reported that 74,742 shares were present and 835,843 were represented by proxy at the meeting, for a total of 910,585 shares or 45.5% of the capital stock.

It was then moved by Mr. E. Donald Gray-Donald, seconded by Mr. Gilles Charpentier, that the Financial Statements and Reports submitted to this meeting be adopted. The motion was carried unanimously.

On motion by Mr. Emile Brossard, seconded by Mrs. Noreen George, it was unanimously resolved that Messrs. William A. Shannon, C.A., and Marcel Hurtubise, C.A., be appointed Auditors for the ensuing year and that their remuneration be set at a total amount of \$38,000.00 to be divided between them according to the time devoted by each to the affairs of the Bank.

Mr. Jean C. Lallemand moved, seconded by Mrs. Elaine C. Power, that the following gentlemen be nominated as directors for the ensuing year and that the Secretary cast one ballot, that sole ballot to be considered as the unanimous vote of the meeting.

Messrs. John G. Bourne, Gilles Charpentier, C. L. Ogden Glass, Louis J.-M. Gravel, E. Donald Gray-Donald, Michael B. Harding, Marc Jarry, André Marcil, Jacques R. Nadeau, Donald G. Neelands, Stanley E. Nixon, Philippe Roberge.

There being no other nominations, the President then declared the nominations closed, and the above resolution was unanimously adopted.

The scrutineers reported that the above nominated gentlemen had received the unanimous vote of the Shareholders present at the meeting, and the President declared them elected as Directors of the Bank for the ensuing year.

Mr. John N. Cole moved the adoption of the following resolution: "That thanks of the meeting are hereby tendered to the President, the Directors, the Vice-President and General Manager, and other officers of the Bank, and all the members of the Staff for the results achieved during the last financial period and for their careful attention to the interests of the Bank".

This resolution was seconded by Mr. Maurice Landes and carried with applause.

There being no further business the meeting was then terminated.

At a meeting of the Board of Directors, held immediately after the Shareholders meeting, Mr. E. Donald Gray-Donald was elected President and Chief Executive Officer of the Bank and Mr. Gilles Charpentier was elected Vice-President.

report of the board of directors

Your Directors have pleasure in presenting in brief the One Hundred and Twenty-ninth Annual Report of the Bank covering its operations for the financial year ended October 31, 1975.

Net Profits	\$ 3,294,665.
Dividends to shareholders	<u>\$ 1,840,000.</u>
Amount carried forward	\$ 1,454,665.
Undivided Profits at beginning of year	<u>\$ 101,464.</u>
Balance at end of year	\$ 1,556,129.
Transferred to Rest Account	<u>\$ 1,500,000.</u>
Balance of Undivided Profits at end of year	<u>\$ 56,129.</u>

statement of rest account

Balance at beginning of year	\$24,000,000.
Transferred from Undivided Profits	<u>\$ 1,500,000.</u>
Balance at end of year	<u>\$25,500,000.</u>

On behalf of the Board,
E. Donald Gray-Donald,
President.



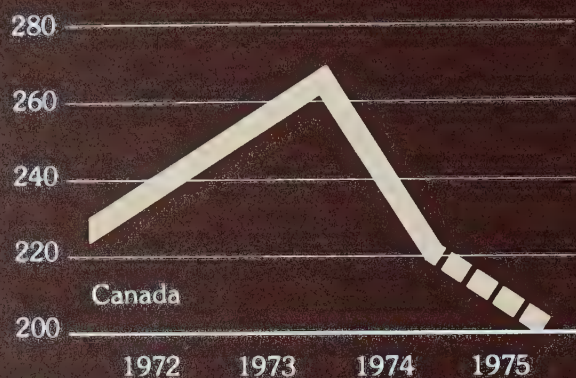
mortgage loans

Residential construction in Canada

Housing construction in Canada has been declining since 1973, when starts reached a record high level of 268,000 units.

Despite renewed activity throughout the country in recent months, it is expected that new housing starts in 1975 will barely exceed 200,000 units.

In thousands of units

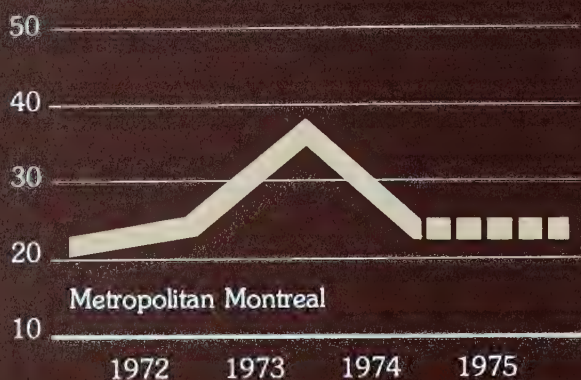


Housing construction starts — Actual terms

Most urban centres have been affected by this decline, some more than others. For instance, in the metropolitan Toronto area, there have been 40% fewer housing starts this year than last year.

Although less severely affected, the Montreal area has also suffered. The decline in total residential starts here amounts to slightly more than 14%.

In thousands of units



Metropolitan Montreal

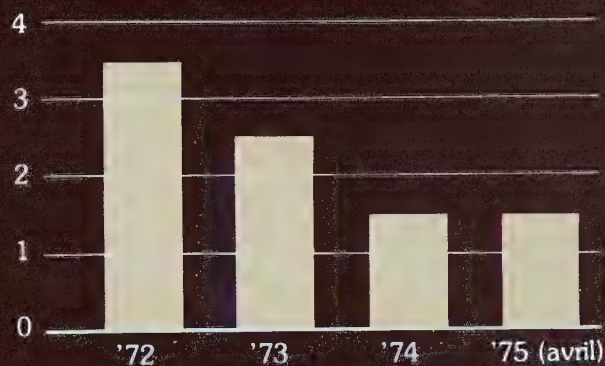
The economic slowdown experienced throughout North America during the past two years largely explains the decrease of more than 30% in home construction starts across the country.

At the same time, accelerated inflation has compounded the problem. The higher costs of construction materials, labor and borrowing money have put a damper on developers' initiative, thereby helping to reduce construction starts still further.

The result is a serious housing shortage.

At the end of 1972, the vacancy rate in the Montreal area was more than 3%. The subsequent decrease in housing starts is responsible for today's much lower level of vacancies. At the end of 1975, that rate stands at just over 1%.

%



Vacancy rate in December — Metropolitan Montreal



mortgage loans



All these factors have caused both rents and housing costs to soar.

Statistics compiled by the Montreal Real Estate Board show that the average price of a home has risen from \$25,600 in June, 1973, to \$34,800 in June, 1975. That's an increase of 36%.



Growth in the average price of a home in Metropolitan Montreal.
(to May, 1975)

However, the Board also reports some stabilization in prices since early 1975. It is hoped that the anti-inflationary policies of the Federal Government will prove successful, so that greater numbers of Canadians will be able to afford their own homes.

The City & District Savings Bank in the mortgage market of Metropolitan Montreal

More than half of the Bank's assets are invested in mortgages. Obviously, such a commitment makes mortgages the most important facet of our financial operations.

Our presence in the mortgage market of Metropolitan Montreal goes back more than twenty-five years.

For a quarter of a century, our staff has been dedicated to serving a clientele comprised almost exclusively of small property owners.

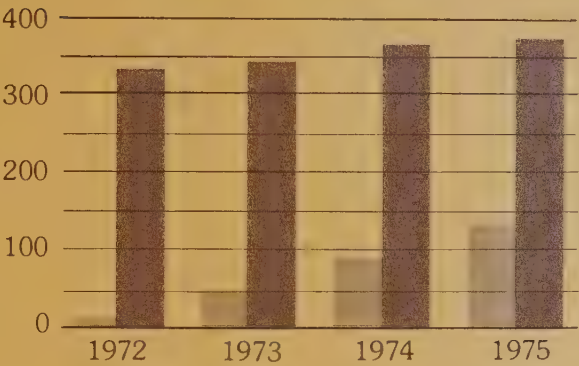
In fact, more than 24,000 of the Bank's customers have mortgage loans. These people live throughout the Island of Montreal as well as in the outlying communities of Laval, Ile Bizard and the South Shore.

Well-established in the Metropolitan area with a network of more than 100 strategically-located branches, the City & District currently controls close to 20% of the Montreal mortgage loan business handled by banking institutions.

Our mortgage loans have risen from \$438,000,000 to more than \$503,000,000 during the 1975 fiscal year. This represents an increase of close to 15% over last year's figures.

Of that \$503,000,000 figure, more than \$133,000,000 worth comes under the National Housing Act and the Mortgage Insurance Company of Canada.

In millions of dollars



Relation of insured loans to conventional loans

Insured loans
Conventional loans

Better customer service

Our steady increase in assets is a clear indication of the important role the Bank plays in the mortgage market.

Recently, we have compiled a reference guide on mortgage loans for use by our branch managers. This is one more indication of our firm resolve to see City & District personnel become the most knowledgeable source of mortgage information in the banking community.

The manual is intended to enhance the quality of mortgage services and assistance the Bank provides. This is of vital importance, because to help customers needing mortgage loans, especially first-time home purchasers, our branch managers become virtual financial advisors, closely involved with individual problems and requirements.

In addition to its value as a source of information, this comprehensive guide also contributes to standardizing procedures in all our branches.

The City & District was the first bank to computerize operations in all its branches, with terminals connected to a central computer. Early in 1975, we added a computer program for mortgage loans. This allows us to further improve the quality of our services and to maintain the closest control over mortgage information and operations.

We expect our computer program to be on line by the end of 1976. Because the computer memory bank is capable of storing a vast amount of data, we will be able to quickly and efficiently process all mortgage loan requests from any branch in our network.

During the 1975 fiscal year, more than 5,365 new mortgages were granted. This represents an increase of 24% over the previous year.

More than half of these new loans were approved in accordance with the Central Mortgage and Housing Commission Act.

Prospects for 1976

In the past few years, several factors have had an unsettling influence on the housing construction field.

For instance, mortgage rates have fluctuated between 10.5% and 12%. There has also been an inadequate money supply in many areas, and housing prices have increased dramatically virtually everywhere.

The Federal Government has recently announced a series of measures aimed specifically at improving the rate of housing starts in the lower price range. Lending institutions have been requested to increase their involvement in the financing of these homes.

Besides extending the availability of home ownership to a larger number of Canadians, these measures also aim at increasing the volume of construction starts of rental units by granting new subsidies to municipalities and by modifying the subsidies program to property owners.

This new program, abetted by prices and incomes controls, should allow for the construction of one million new housing units during the next four years.

For 1976, the goal for housing starts is 235,000 units. These figures bode well for the Bank's continuing success in the mortgage loan field. As a major factor in mortgage loans in Metropolitan Montreal, the City & District Savings Bank is committed to making home ownership available to an increasing number of Montrealers.

Trustees Limited





Trustees Limited

founded in 1939.

head office: 1253 mcgill college avenue,
montreal H3B 2Z6

Board of Directors

*E. Donald Gray-Donald
Chairman of the Board
President and Chief Executive Officer

C. L. Ogden Glass
Vice-President

Marc Jarry

John G. Bourne

*Louis J.-M. Gravel

*Michael B. Harding

*Philippe Roberge

*Gilles Charpentier

*Roger Lavoie

Donald G. Neelands

Jacques R. Nadeau

André Marcil

Stanley E. Nixon

*Members of the Executive Committee

Assets under administration

	1975	1974
Estates, Trust and Agency accounts	\$105,011,824	\$ 98,372,456
Company's and Guaranteed account	\$ 41,604,318	\$ 23,477,586
	<u>\$146,616,142</u>	<u>\$121,850,042</u>

general manager's comments

Roger Lavoie



It is indeed a pleasure to present our 37th Annual Report to you, for the latest financial period was marked by significant progress in every sector of our activities.

Last year, our Company explored a large number of new avenues and it is our intention to continue to do so in the years to come.

Revenue

Total revenue rose from \$2,966,030.00 in 1974 to \$4,879,207.00 in 1975.

This represents an increase of \$1,413,267.00 or 47.6% which was derived as follows:

\$1,072,546.00 from investments

\$ 340,721.00 from fees and commissions.

Expenses

Expenses, on the other hand, increased by \$1,328,643.00 and stood at \$4,087,210.00

Interest disbursed showed an increase proportionate to the growth of guaranteed investment certificates.

Other expense items reflected the general inflationary trend of the economy as well as the growth of our Company due to expansion in the past year.

Profits

Net operating profits, before provision for income taxes, increased 38.3% and amounted to \$292,605.00 after transfer of \$65,000.00 to Reserves for Mortgage Contingencies, bringing this account to \$230,000.00.

After providing for income taxes, net profits for the last fiscal period ended October 31, 1975, amounted to \$157,905.00, compared with \$119,514.00 on October 31, 1974, an increase of 32.1%

Dividend and general reserve

Net profits, after provision for income taxes, made it possible to continue to pay a dividend of 16% on the capital stock of the Company. General Reserve was brought to \$1,600,000.00, an increase of \$75,000.00, leaving a balance of Undivided Profits of \$208,178.00 at the end of the financial period.

Assets

Assets increased considerably during the year, going from \$23,477,586.00 to \$41,604,318.00, an increase of \$18,126,732.00 or 77.2%

Administrative structure

A new administrative structure based on a Profit Centre and a Cost Centre was set up during the year.

This new strategy, together with a policy of management by objectives, makes it possible to orient each employee towards the specific objectives of his work team.

Moreover, this method of management enables the Company to achieve greater expansion and facilitates the growth and promotion of personnel.

Profit centre

Estates

A rapid and very human service provided by a devoted and competent staff continues to earn an enviable reputation for our Company and, indirectly, the best publicity. Promotional efforts, effective means of control and greater concern for profitability equally contribute to the proper functioning of our Departments of Estate Planning and Settlement of Estates.

Branch Offices of Trust Services

It is a pleasure to inform you of the opening of two branch offices offering trust services, one of which is in Granby and the other in Rosemère.

Real Estate Brokerage

During the year, a new emphasis was given to real estate brokerage. Four branches were set up at the following points: Rosemère, Ste-Adèle, Langelier-Sherbrooke and Granby, involving nearly fifty agents.

This is a new departure that seems promising for the years to come. In 1975, total sales amounted to \$6,403,540.00, a 93.2% jump compared with the previous year. The target for 1976 is a sales volume of \$30,000,000.00.

Assets under administration

The value of assets under administration rose by \$24,766,100.00 during the last financial period and stood at \$146,616,142.00, an increase of 20.3%. This, no doubt, reflects the public's growing confidence in our Company.

Mention must be made of the great improvement achieved in the profitability of the Real Estate Management sector during the past year. The fine support provided by the Investment Division has contributed to the increase of those assets under administration and the development of Retirement Savings Plans and Home-Ownership Savings Plans in a remarkable way.

Cost centre

Guaranteed Investment Certificates

Guaranteed Investment Certificates went from \$17,788,379.00 to \$35,447,423.00 in 1975.

Competitive rates and attractive advertising have made it possible to make an initial survey which has shown how deeply we could penetrate the market.

Mortgage Loans

In 1975, the number and the volume of loans granted tripled with respect to the previous year.

The Company's penetration of this market during the past year is most promising, and every precaution has been taken to ensure and maintain the quality of mortgage guarantees through the hiring of professional appraisers.

Moreover, the Company has innovated by re-investing in mortgages for the same length of time, money derived from the sale of three-year guaranteed investment certificates. Most of the loans granted during the year were insured by a mortgage insurance company.

Automation

With expansion, a review of our accounting techniques became a necessity. Following a study begun in 1974, use is now being made of a computer and it is expected that in 1976 many operations now done manually will be performed by computer.

Staff

The human resources of a company like ours are essential to the quality of the services rendered and to its growth.

Owing to the team spirit of its staff, the Company was able to achieve unprecedented expansion and homage must be paid to all those employees who gave their full support unstintingly.

Orientation

The opening of four real estate brokerage branches and two trust branches constitutes a new step forward in the history of our Company.

The number of our clients is growing every day.

Briefly, the words "Trustees" — "The Trust of the City and District Savings Bank" mean growth and a new dynamic spirit directed towards specific goals:

- Satisfy the needs of a clientele through a wide range of services and make a reasonable and just profit in order to promote the growth of the Company, the welfare of its staff, and the payment of a reasonable dividend to its shareholders.

Assets

	1975	1974
Cash and term deposits	\$ 3,534,599	\$ 1,551,330
Short term notes	2,400,000	500,000
Loans on securities	276,224	347,526
Advances to estates, trusts and agencies	780,377	722,893
Accrued interest	558,245	336,963
	<u>\$ 7,549,445</u>	<u>\$ 3,458,712</u>

INVESTMENTS (Note 2)

Bonds at amortized cost		
Government of Canada	\$ 509,689	\$ 9,868
Provinces	3,567,985	3,954,205
Municipalities and schools	5,846,733	2,644,902
Others	862,644	615,383
Stocks at cost	399,241	379,972
	<u>\$11,186,292</u>	<u>\$ 7,604,330</u>
Mortgage loans (Note 3)	\$22,575,560	\$12,248,159
Furniture, equipment and leasehold improvements at depreciated cost (Note 1)	172,187	90,146
Other assets	120,834	76,239
	<u>\$22,868,581</u>	<u>\$12,414,544</u>
	<u>\$41,604,318</u>	<u>\$23,477,586</u>

On behalf of the board

E. DONALD GRAY-DONALD, President
ROGER LAVOIE, General Manager

Auditors' Report

We have examined the balance sheet of Montreal City and District Trustees Limited as at October 31, 1975 and the statements of earnings, retained earnings and general reserve for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Assets held under administration and assets held for guaranteed trust accounts are kept separate from the company's own assets and are so earmarked in the books of the company as to show the account to which they belong.

In our opinion, according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at October 31, 1975 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Auditors:

WILLIAM A. SHANNON, C.A.

MARCEL HURTUBISE, C.A. of Maheu, Noël, Anderson, Valiquette & Associés

Montreal, November 18, 1975.

Liabilities

	1975	1974
Accounts payable	\$ 917,073	\$ 390,601
Guaranteed deposits (Note 4)	2,997,644	3,201,533
Guaranteed investment certificates (Note 4)	35,447,423	17,788,379
	\$39,362,140	\$21,380,513
Deferred income tax (Note 3)	\$ 59,000	\$ 11,800

Shareholders' equity

Capital Stock		
Authorized 10,000 shares of \$100.00 par value each		
Issued and Fully Paid 3,750 shares	\$ 375,000	\$ 375,000
General Reserve	1,600,000	1,525,000
Retained earnings	208,178	185,273
	\$ 2,183,178	\$ 2,085,273
	\$41,604,318	\$23,477,586

NOTES:

1 — ACCOUNTING POLICIES

- a) Recognition of revenue and expenses
Fees for settlement of estates are recorded in part during the course of settlement and the balance on final settlement.
All other fees and commissions are recorded as earned.
Investment income, interest expense and operating expenses are recorded on the accrual basis.
- b) Depreciation policies
Furniture, equipment and leasehold improvements aggregating \$172,187 (1974 — \$90,146) are stated at depreciated cost.
Depreciation and amortization expenses charged to operations amounted to \$36,749 (1974 — \$16,114) and were calculated at maximum rates allowed by the income tax authorities.

2 — INVESTMENTS

	1975		1974	
	Book Value	Market Value	Book Value	Market Value
Canada and Provincial Bonds	\$ 4,077,674	\$ 3,806,168	\$ 3,964,073	\$ 3,636,240
Other Bonds	6,709,377	6,464,586	3,260,285	2,993,092
Stocks	399,241	292,531	379,972	269,087
	\$11,186,292	\$10,563,285	\$ 7,604,330	\$ 6,898,419

3 — MORTGAGE LOANS

Mortgage loans have been reduced by 1% or \$230,000 as a provision for possible future losses (1974 — 1½% or \$165,000). The amount claimed for tax purposes for the current year is \$92,404 (1974 — \$23,612) in excess of that recorded in the books which results in a deferred income tax balance of \$59,000.

4 — GUARANTEED TRUST ACCOUNT

Included in total assets of \$41,604,318 as at October 31, 1975 are assets held for guaranteed trust account of \$38,922,451 securing guaranteed trust liabilities of \$38,922,451.

Maturities of investments of the guaranteed deposits and investment certificates are as follows:

- 43% within 3 years
- 52% between 3 and 5 years
- 5% after 5 years

Maturities of the guaranteed deposits and investment certificates are as follows:

- 19% within one year
- 9% between 1 and 2 years
- 26% between 2 and 3 years
- 12% between 3 and 4 years
- 34% between 4 and 5 years

5 — COMMITMENTS

- a) Mortgage commitments outstanding amount to \$8,054,288.
- b) The company has contractual obligations in respect of leases extending until 1985 amounting to \$453,542. The instalments for the coming twelve months amount to \$110,774.

for the year ended October 31, 1975

REVENUE

REVENUE	1975	1974
Fees and commissions	\$ 1,425,362	\$ 1,084,641
Income from securities	2,953,935	1,881,389
	\$ 4,379,297	\$ 2,966,030

Interest paid

Interest paid	\$ 2,329,500	\$ 1,369,114
Salaries, pension contributions and other staff benefits	1,001,493	881,535
Other operating expenses	756,217	507,918
	\$ 4,087,210	\$ 2,758,567

	\$	292,087	\$	207,463
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Net gain on sale of securities	518	4,116
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Earnings before income taxes	\$ 292,605	\$ 211,579
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Income taxes — Current: \$87,500			
Defered: \$47,200	\$	134,700	\$ 92,065

Net earnings for the year	\$ 157,905	\$ 119,514
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Balance at beginning of year

Balance at beginning of year	\$ 185,273	\$ 125,759
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Net earnings for the year	157,905	119,514
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	\$ 343,178	\$ 245,273
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Dividends paid	\$ 60,000	\$ 60,000
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Transfer to general reserve	75,000	—
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	\$	135,000	\$	60,000
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Balance at end of year	\$ 208.178	\$ 185.273
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Balance at beginning of year

Balance at beginning of year	\$ 1,525,000	\$ 1,525,000
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Transfer from retained earnings	75,000	—
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Balance at end of year	\$ 1,600,000	\$ 1,525,000
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Executive officers

E. Donald Gray-Donald
President and Chief Executive Officer

*Roger Lavoie
*General Manager and
Chief Operating Officer*

Lionel Malo
*Assistant General Manager,
Cost Center, and Treasurer*

J. Noé Delorme
*Assistant General Manager,
Profit Center, and Administrative Secretary*

*Member of the Management Committee of
The Montreal City and District Savings Bank

Customer services

Planning and settlement of estates	Jean-Louis Durand, <i>Manager</i>
Investments and corporate services	Maurice Fortier, <i>Manager</i>
Assets under administration,	
Personal trusts	Laurier Levac, <i>Manager</i>
Management of properties	Robert Couture, <i>Manager</i>
Real estate brokerage	Claude Mathieu, <i>Manager</i>
Mortgage loans	Robert Bleau, <i>Manager</i>
Guaranteed investment certificates	Lionel Malo, <i>Manager</i>
Income tax	Françoise Masson, <i>Officer</i>

Support services

Accounting	Jean Marc Dionne, <i>Accountant</i>
Operating methods	
Data processing	Jean Bélair, <i>Manager</i>
Marketing	Paul E. Légaré, <i>Manager</i>
Personnel	Yvon Bergeron, <i>Manager</i>
Internal auditing	Bernard Trépanier, <i>Manager</i>

Branches

Montreal 1253 McGill College Ave.	Real estate, Jean Turcotte, <i>Manager</i>
6633 Sherbrooke Street East	Real estate, Michel Lachapelle, <i>Manager</i>
Granby 243 rue Principale	Real estate, Gilles Couture, <i>Manager</i> Trust services, Michel Brasseur, <i>Manager</i>
Rosemère Place Rosemère 401 Labelle Blvd.	Real Estate Gérard Larocque, <i>Manager</i> Trust services Simon Blanchet, <i>Manager</i>
Ste-Adèle 400 Ste-Adèle Blvd.	Real estate Claude Germain, <i>Manager</i>

